

## NOTICE OF FINAL AGENCY ACTION

**SUBJECT:** MassHealth: Supplemental Medicaid Rate Payment for Acute Hospitals with Significant Medicaid Inpatient Utilization Rates, effective February 1, 2008

**AGENCIES:** Massachusetts Executive Office of Health and Human Services, Office of Medicaid

### INTRODUCTION

The following describes and summarizes a new MassHealth supplemental rate payment methodology for inpatient and outpatient services provided by in-state acute hospitals. A complete description of the rate year 2008 (RY2008) MassHealth acute hospital inpatient and outpatient payment methods and rates are available at [www.mass.gov/masshealth](http://www.mass.gov/masshealth), (click on the link to “MassHealth Regulations and Other Publications” and the link to “Special Notices for Hospitals.) For further information regarding RY2008 payment methods and rates, you may contact Kiki Feldmar at the Executive Office of Health and Human Services, Office of Acute and Ambulatory Care, 600 Washington Street, 6<sup>th</sup> Floor, Boston MA, 02111.

### DESCRIPTION OF THE PAYMENT METHOD

#### **Supplemental Medicaid Rate Payments for Hospitals with Significant Medicaid Inpatient Utilization Rates**

EOHHS makes supplemental payments to certain qualifying hospitals. Supplemental payments are currently made to hospitals that qualify as Public Service Hospitals, Essential MassHealth Hospitals, Acute Hospitals with High Medicaid Discharges, High Public Payer Hospitals, Pediatric Specialty Hospitals and Hospitals with Pediatric Specialty Units, and safety net hospitals that qualify for payment pursuant to Section 122 of Chapter 58 of the Acts of 2006.

Effective February 1, 2008, EOHHS is creating a new State Plan methodology for existing payments to acute hospitals that have significant Medicaid inpatient utilization rates. To be eligible, an acute Hospital must have a Medicaid inpatient utilization rate of not less than one percent, and not qualify for a supplemental payment as an Acute Hospital with High Medicaid Discharges. The Medicaid inpatient utilization rate will be determined by dividing a hospital's total number of inpatient days attributable to patients who (for such days) were eligible for MassHealth by the hospital's total number of inpatient days, as reported on the hospital's most recent HCF-403 cost report.

The payment amount will be the lower of (1) the variance between a hospital's inpatient and outpatient Medicaid payments and costs, or (2) a hospital's Health Safety Net Trust Fund-funded payment amount.

## JUSTIFICATION

EOHHS is establishing this payment method to provide the authority to claim federal reimbursement for Health Safety Net Trust Fund expenditures under the MassHealth State Plan, for a broader class of hospitals. It will apply to hospitals that have at least 1% MassHealth inpatient utilization and are not otherwise eligible to receive Health Safety Net Trust Fund-funded payments through the High Medicaid Discharge method in the hospital rate year 2008 RFA. This new method will not result in any change in payment amounts to hospitals. The proposed change to hospital payment rates and methods is in accordance with state and federal law and within the range of reasonable payment levels to acute hospitals.

## GENERAL INFORMATION

There is no aggregate increase or decrease in annual payments to hospitals, or in federal reimbursement under this change.

**Statutory Authority:** M.G.L. ch.118G; M.G.L. ch.118E; St. 2006, ch.58; St. 2007, ch.61; 42 USC 1396a; 42 USC 1396b; 42 USC 1315.

**Related Regulations:** 130 CMR 410, 415, 450; 114.6 CMR 14.00; 42 CFR Part 447.